



## Senator Ron Alting

200 W. Washington St.  
Indianapolis, IN 46204

News from the Indiana State Senate

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# Education Update

## Alting Encourages Savings Plan to Fund Education

For children, fall marks the beginning of the school year. For many parents, it brings the stark reality of college and its costs one year closer to fruition. The state of Indiana now provides parents with a tool to help finance their children's higher education and gain extra tax benefits as a result.

Since 1997, CollegeChoice allows anyone over age 18 to contribute money into a group investment portfolio. The program provides contributors with an easy, hands-off way to save for college. A team of experienced professionals manage the portfolio in order to maximize investment growth.

Individuals can establish an account with just \$50 per

portfolio and \$25 subsequent monthly installments until contributions reach \$236,750. The investment grows tax-deferred and remains exempt from federal taxes if used for qualified higher education expenses. Whether public or private, the funds can be used at any eligible accredited post-secondary school, including graduate and vocational-technical schools.

The state Task Force on College Affordability has been meeting to make policy recommendations to the governor and legislature on college affordability at Indiana's public colleges and universities. A skilled workforce is the backbone of a successful economy in Indiana, and I am encouraged by the commitment of our leaders to find a solution.

## Indiana Leads in 'No Child Left Behind' Effort

The biggest challenge many states are facing on education is how to implement the No Child Left Behind Act of 2001(NCLB). The act expanded the federal role in education and set in place requirements that reach into every public school in America.

Thanks to the leadership of the General Assembly, Indiana helped lead the nation in school reform with the pas-

sage of Public Law 221 in 1999. P.L. 221 is Indiana's school improvement and accountability law that put in motion many of the same requirements as NCLB. The law focuses on improving education for all schools and ensuring Hoosier students have the skills they need to succeed.

In recent months there has been criticism of potential flaws in NCLB. Congress and the Federal Department of Education are working to address these concerns, to allow more flexibility for low performing schools, and to improve special education. I am committed to making sure that no child is left behind in Indiana.



I serve the citizens  
of Senate District 22,  
which includes Tippecanoe  
County.

Stay connected  
to the Indiana General Assembly  
by visiting  
[www.in.gov/legislative](http://www.in.gov/legislative)

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my legislative web site at:  
[www.in.gov/S22](http://www.in.gov/S22)

Send letters to:  
**Sen. Ron Alting**  
**Indiana Senate**  
**200 W. Washington St.**  
**Indianapolis, IN 46204**

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## Property Tax Solutions Debated at Statehouse

"We want a better system," and "Do no harm," were the sentiments echoed in the Property Tax Replacement Study Commission, which has met several times at the Statehouse. The property tax situation in Indiana is a frustration shared by many as the newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government's reliance on property taxes.

The reassessment process is complete in 90 counties, and agencies and organizations are collecting data that will aid the committee and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

This monumental task is being conducted due to a law passed during the 2004 legislative session. The commission must study the effects of eliminating 50 percent, 75 percent, and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the Legislative Council, which is the administrative body of the General Assembly, in September.

The commission broke down into small groups that will work on five major issues during the year: 1) Property Tax Administration Issues; 2) Local Government Services; 3) Long Term Debt Issues; 4) Other State Tax Systems; and 5) Property Tax Levies and Controls.

The goal is to lessen local governments' dependence on property taxes and create a more equitable and fair method of funding local government. As the commission continues its work this year, I'll keep you informed of the progress or you can contact my office for further information.

## Alting Leads Summer Education Issues New Incentives for Lafayette Enterprise Zones Sought

This summer I have been serving as vice-chair of the Interim Study Committee on Education Issues. This interim study committee is tackling some important educational issues before the legislature. Together we study school-based mentoring programs and review state educational mandates: two issues that legislators decided in the 2004 legislative session needed extensive debate.

We also are discussing issues that will be relevant for the 2005 legislative session. As Ranking Member of the Senate Education Committee, my top priority will be to ensure that K-12 education and higher education, especially Purdue University and Ivy Tech receive adequate state funding. Kids are our future and nothing is more important than

securing the success of our youngest generations. We've been hearing a lot about jobs in our state, and I believe that investing in education is sound economic development policy.

Another important economic development tool that I will study this year will be on the Enterprise Zone Board and the Enterprise Zone Study Commission. Enterprise Zones (EZ) have been a very effective economic revitalization tool in the Lafayette area, and we have one of the best enterprise zone boards in the state. Currently, businesses receive inventory tax breaks that create income for local government to pay for

see REVITALIZATION, page 2



## Consumer Information

### Unclaimed Property

The Attorney General reports thousands of unclaimed property listings all across the state of Indiana. Some possible sources of unclaimed property are: credit balances, old savings and checking accounts, unpaid wages, mutual fund shares, insurance proceeds, uncashed traveler's checks, and utility deposits.

You can contact the Indiana Attorney General's office to see if you or a relative has a claim. Visit [www.indianaunclaimed.com](http://www.indianaunclaimed.com) or call, toll-free, **1-866-IN-CLAIM** (1-866-462-5246).

### Unwanted Faxes

Contact the Federal Communications Commission to report any unsolicited faxes. You can file a formal complaint at [www.fcc.gov/cgb/complaints.html](http://www.fcc.gov/cgb/complaints.html) or call, toll-free, **1-888-225-5322**.

### Direct Mail Lists

Tired of receiving advertising through the mail? Remove your name from direct mail lists by visiting

[www.dmaconsumers.org](http://www.dmaconsumers.org) or write to:

Mail Preference Service  
Attn: Dept 12851374  
Direct Marketing Association  
PO Box 282  
Carmel, NY 10512

### National No-Call List

Indiana led the way with the creation of a no-call registry. Federal legislators followed suit by creating a national do not call list. Consumers now can list both home and mobile phone numbers in order to prevent unsolicited telemarketing calls. To register your phone number on the national list, visit [www.donotcall.gov](http://www.donotcall.gov). Additions to the list are updated every three months.



## Alting Encourages Students to Visit The Statehouse for a Day

Over 200 years ago, our founding fathers collaborated to create a representative democracy. An intricate system of checks and balances emerged, giving citizens a means to govern free from tyranny. Every year, students study this historical phenomenon in the classroom; however, no book can tell the whole story.

The General Assembly recognizes the importance of exposing young people to the democratic process. As a result, legislators offer students an important opportunity at the Statehouse.

Any student from 6th grade to 12th grade can sign up to serve as a page for a day. The Senate Page Office will try to accommodate requests for specific

dates, and students will be excused from school for the day.

Pages spend a day in the Senate assisting their local legislators. Responsibilities include responding to senators' requests, delivering messages and running errands. The day includes a tour of the Statehouse and observation of a session, if one is in progress.

Those interested in serving as a page should send their name, age, address, phone number and school affiliation to my attention at 200 West Washington Street, Indianapolis, IN 46204.

The Page Office will begin accepting requests in November. The 2005 session begins in early January and extends until late April.

## REVITALIZATION

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downtown revitalization projects.

The future of EZs currently is not clear because their income sources will be eliminated soon. In 2002, the legislature allowed counties to eliminate the property tax on inventory to take effect from now until the year 2007.

Representative Sheila Klinker authored House Enrolled Act 1438, which I co-

sponsored in the Senate, to create an Enterprise Zone Study Commission to study means of assisting EZs in attracting businesses to downtown and disadvantaged areas, and ways of providing alternative funding for Urban Enterprise Associations.

In November of this year, the commission will file a report on their findings. I will continue to work with local leaders in Lafayette to improve the success of enterprise zones in promoting our downtown areas.



## State Faces Tough Budget Decisions in 2005

### Indiana Personal Income Lags the Nation

On July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 – the close of the current budget cycle. As shown on **Figure 1**, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

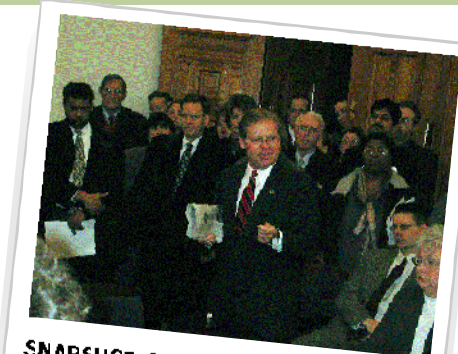
In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary solutions. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. These measures have helped the state avoid big spending cuts in our schools, but are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is improving, the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief,

\$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. In fact, the State Budget spends more than \$30 million per day every day of the year. A \$300 million reserve barely funds 10 days of expenses.

The root of Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But the real problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2**, the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget – and the ability to adequately fund priorities like education and health care – will remain a problem.

Beginning in January, we will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care, and cutting state spending to increase government efficiency. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solution to the state's budget dilemma.



**SNAPSHOT:** Senator Alting discusses the economic benefits of repealing the state sales tax on complimentary hotel rooms during a Senate Finance meeting.

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While it may seem like Indiana's economy is improving, the state's financial condition remains very weak.

We must find ways to diversify the economy and stimulate business investment and job growth.

